



DEPARTMENT OF ENERGY

Southwestern Power Administration

Integrated System Power Rates

AGENCY: Southwestern Power Administration, DOE.

ACTION: Notice of proposed change to Southwestern Power Administration Integrated System Wholesale Rates for Hydro Peaking Power Rate Schedule and opportunity for public review and comment.

SUMMARY: The Administrator, Southwestern Power Administration (Southwestern), is proposing to update the Peaking Energy Schedule Submission Time in Southwestern's existing Integrated System Wholesale Rates for Hydro Peaking Power (P-13A) Rate Schedule.

Southwestern has determined that the shift in Peaking Energy Schedule Submission Time from the current 2:30 p.m. CPT to the proposed 8:30 a.m. CPT provides Southwestern with more flexibility and greater certainty when making replacement power purchases, and better aligns with regional energy market considerations.

DATES: The consultation and comment period will begin on [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*] and will end on [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Written comments are due on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

ADDRESSES: Comments should be submitted to Ms. Fritha Ohlson, Senior Vice President and Chief Operating Officer, Southwestern Power Administration, U.S. Department of Energy, 1 W 3rd St, Suite 1500, Tulsa, OK 74103.

FOR FURTHER INFORMATION CONTACT: Ms. Fritha Ohlson, Senior Vice President, Chief Operating Officer, Office of Corporate Operations, (918) 595-6684 or fritha.ohlson@swpa.gov.

SUPPLEMENTARY INFORMATION:

Originally established by Order 1865, Secretary of the Interior, dated August 31, 1943 and effective September 1, 1943 (8 FR 12142 (Sept. 3, 1943)), Southwestern is authorized by Congress to market the hydroelectric power and energy from Federal dams controlled by the U.S. Army Corps of Engineers (Corps), pursuant to Section 302(a)(1) of the Department of Energy Organization Act (42 U.S.C. 7152(a)(1)), Section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), and Pub. L. 95-456 (16 U.S.C. 825s-3). Guidelines for preparation of power repayment studies are included in Department of Energy (DOE) Order No. RA 6120.2 (Sept. 20, 1979), entitled *Power Marketing Administration Financial Reporting*. Procedures for public participation in power and transmission rate adjustments of the Power Marketing Administrations are found at title 10, part 903, subpart A of the Code of Federal Regulations (10 CFR part 903). Procedures for the confirmation and approval of rates for the Federal Power Marketing Administrations are found at title 18, part 300, subpart L of the Code of Federal Regulations (18 CFR part 300).

Southwestern markets power from 24 multi-purpose reservoir projects with hydroelectric power facilities constructed and operated by the Corps. These projects are located in Arkansas, Missouri, Oklahoma, and Texas. Southwestern's marketing area includes these states plus Kansas and Louisiana. The costs associated with 22 of these 24 hydropower projects are repaid with revenues received under the Integrated System rates. These rates also cover the costs of Southwestern's transmission facilities that consist of 1,381 miles of high-voltage transmission lines, 27 substations, and 46 microwave and VHF radio sites. Additionally, Southwestern markets power from two hydropower projects in southeastern Texas, Sam Rayburn Dam and Robert D. Willis. These projects are isolated hydraulically, electrically, and financially from the Integrated System, and are repaid via separate rate schedules and therefore are not addressed in this Notice.

On September 30, 2013, in Rate Order No. SWPA-66, the Deputy Secretary of Energy placed into effect Southwestern's Integrated System rate schedules (P-13, NFTS-13, and EE-13) on an interim basis for the period October 1, 2013 to September 30, 2017. The Federal Energy Regulatory Commission (FERC) confirmed and approved Southwestern's interim Integrated System rates on a final basis on January 9, 2014 for a period ending September 30, 2017.

Southwestern re-designated Integrated System rate schedule "NFTS-13" as "NFTS-13A" with no revenue adjustment. In Rate Order No. SWPA-71, the Deputy Secretary of Energy placed into effect Southwestern's rate schedule NFTS-13A on an interim basis beginning January 1, 2017. FERC confirmed and approved NFTS-13A on a final basis on March 9, 2017.

On September 13, 2017, in Rate Order No. SWPA-72, the Deputy Secretary of Energy extended all of Southwestern's Integrated System rate schedules (P-13, NFTS-13A, and EE-13) for two years, for the period of October 1, 2017 through September 30, 2019.

Southwestern re-designated Integrated System rate schedule "P-13" as "P-13A" with no revenue adjustment. In Rate Order No. SWPA-73, the Assistant Secretary for Electricity placed into effect Southwestern's rate schedule P-13A on an interim basis beginning July 1, 2019. FERC confirmed and approved P-13A on a final basis on August 29, 2019.

On September 22, 2019, in Rate Order No. SWPA-74, the Assistant Secretary for Electricity extended all of Southwestern's Integrated System rate schedules (P-13A, NFTS-13A, EE-13) for two years, for the period of October 1, 2019 through September 30, 2021.

On August 30, 2021, in Rate Order No. SWPA-77, the Administrator, Southwestern, extended all of Southwestern's Integrated System rate schedules (P-13A, NFTS-13A, EE-13) for two years, for the period of October 1, 2021 through September 30, 2023.

Decision Rationale

The proposed update to Section 4.2, Peaking Energy Schedule Submission Time, establishes the Peaking Energy Schedule Submission Time as on or before 8:30 a.m. Central Prevailing Time (CPT) of the day preceding the day for delivery of Peaking Energy.

Additionally, the proposed update to Section 4.2.2, Procedure for Adjusting the Peaking Energy Schedule Submission Time, allows the Southwestern Administrator to adjust the Peaking Energy Schedule Submission Time once annually to a time no earlier than 8:00 a.m. CPT and no later than 9:00 a.m. CPT. There is no change in annual revenues associated with the proposed P-13A Rate Schedule change.

Southwestern must at times make replacement capacity and energy purchases to fulfill its contractual obligations associated with the delivery of Hydro Peaking Power as required through the majority of Power Sales Contracts that utilize Southwestern's Integrated System rate schedules. Historically, a significant portion of needed replacement power purchases were made through pre-arranged Purchase Power Agreements (PPAs), many of which were capacity and energy "call options" that allowed Southwestern to schedule the energy as needed after the Peaking Energy Schedule Submission Time of 2:00 p.m. or 2:30 p.m. In recent months, the number of PPAs available to Southwestern has decreased and the pricing of available PPAs has increased. Southwestern has also recently become a Financial-Only Market Participant of the Midcontinent Independent System Operator (MISO), which enables Southwestern to make energy purchases from the MISO Day-Ahead Market. The MISO Day-Ahead Market closes bidding at 9:30 a.m. CPT every day. In order to best utilize the MISO Day-Ahead Market as a cost-competitive option for replacement energy purchases, Southwestern must have increased certainty about its Peaking Energy obligations before 9:30 a.m. the day before the Peaking Energy will be delivered. Earlier day-ahead certainty of Peaking Energy schedules will also likely provide Southwestern with better options when seeking new PPAs. Many of Southwestern's customers have expressed support for such a change. Therefore, Southwestern determined that it would pursue shifting its Peaking Energy Schedule Submission Time from 2:30 p.m. CPT to 8:30 a.m. CPT.

The title of the P-13A Rate Schedule will be changed to P-13B to reflect update to Section 4.2. A redlined version of the P-13A Rate Schedule, which shows the revision proposed by the P-13B Rate Schedule, will be made available upon request.

Public Review and Comment

In accordance with 10 CFR part 903, Southwestern's proposed change to its P-13A Rate Schedule is considered a minor rate adjustment, as there is no change in annual revenues. 10 CFR part 903 provides that neither a public information forum nor a public comment forum is required in conjunction with the consultation and comment period for a minor rate adjustment. Therefore, Southwestern finds that holding a public information and comment forum in conjunction with the consultation and comment period is not necessary. In accordance with 10 CFR 903.14, Southwestern is initiating a 30-day consultation and comment period (see **DATES** section) during which Southwestern will accept written comments from interested persons.

Following review and consideration of written comments, the Administrator will determine whether to confirm, approve, and place the proposed P-13B Rate Schedule into effect on an interim basis, and subsequently submit to the Federal Energy Regulatory Commission (FERC) for confirmation and approval on a final basis. The FERC will allow the public an opportunity to provide written comments on the proposed rate schedule change before making a final decision.

Legal Authority

By Delegation Order No. S1-DEL-RATES-2016, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to Southwestern's Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, or to remand or disapprove such rates, to FERC. By Delegation Order No. S1-DEL-S3-2022-2, effective June 13, 2022, the Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an

interim basis to the Under Secretary for Infrastructure. By Redelegation Order No. S3-DEL-SWPA1-2022, effective June 13, 2022, the Under Secretary for Infrastructure redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Administrator, Southwestern.

Environmental Impact

Southwestern previously determined that the rate change actions, placed into effect on October 1, 2013, fit within the following class of categorically excluded actions as listed in Appendix B to Subpart D of 10 CFR part 1021, DOE's Implementing Procedures and Guidelines of the National Environmental Policy Act of 1969, as amended (42 U.S.C. 4321-4347): B4.3 (Electric power marketing rate changes). Categorically excluded actions do not require preparation of either an environmental impact statement or an environmental assessment. On March 14, 2023, Southwestern determined that categorical exclusion B4.3 applies to the current action as well.

Determination Under Executive Order 12866

Southwestern has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

Signing Authority

This document of the Department of Energy was signed on March 27, 2023, by Mike Wech, Administrator for Southwestern Power Administration, pursuant to delegated authority from the Secretary of Energy. That document, with the original signature and date, is maintained by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official

document of DOE. This administrative process in no way alters the legal effect of this document upon publication in the *Federal Register*.

Signed in Washington, DC, on March 31, 2023.

Treena V. Garrett,
Federal Register Liaison Officer,
U.S. Department of Energy.

[FR Doc. 2023-07059 Filed: 4/4/2023 8:45 am; Publication Date: 4/5/2023]